OHIO AUDITOR OF STATE
KEITH FABER

ALLEN WATER DISTRICT
ALLEN COUNTY
DECEMBER 31, 2021

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OHIO AUDITOR OF STATE
KEITH FABER

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INDEPENDENT AUDITOR'S REPORT

Allen Water District
Allen County
3230 North Cole Street
Lima, Ohio 45801

To the Members of the Board of Trustees:

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of the Allen Water District, Allen County, Ohio (the District), as of and for the year ended December 31, 2021, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the financial position of the Allen Water District, Allen County, Ohio as of December 31, 2021, and the changes in financial position and its cash flows for the year then ended in accordance with the accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards,* issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are required to be independent of the District, and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Emphasis of Matter

As discussed in Note M to the financial statements, the financial impact of COVID-19 and the continuing emergency measures may impact subsequent periods of the District. Our opinion is not modified with respect to this matter.

Other Matter

The accompanying financial statements and related notes as of and for the year ended December 31, 2020, were not audited, reviewed, or compiled by us, and, accordingly, we do not express an opinion or any other form of assurance on them.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the District's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS and *Government Auditing Standards*, we

- exercise professional judgment and maintain professional skepticism throughout the audit.

- identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.

- obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control. Accordingly, no such opinion is expressed.

- evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.

- conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the District's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the *management's discussion and analysis*, and schedules of net pension and other post-employment benefit liabilities and pension and other post-employment benefit contributions be presented to supplement the basic financial statements.

Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary information

Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise the District's basic financial statements. The Schedule of Expenditures of Federal Awards as required by Title 2 U.S. Code of Federal Regulations (CFR) Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards is presented for purposes of additional analysis and is not a required part of the basic financial statements.

Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the Schedule of Expenditures of Federal Awards is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated December 7, 2022 on our consideration of the District's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the District's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control over financial reporting and compliance.

Keith Faber
Auditor of State
Columbus, Ohio

December 7, 2022

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This discussion and analysis, along with the accompanying financial reports, of Allen Water District (the District) is designed to provide our customers, creditors and other interested parties with a general overview of the District and its financial activities.

FINANCIAL HIGHLIGHTS

The total assets and deferred outflows of resources of the District exceeded liabilities and deferred inflows of resources on December 31, 2021 by $26,115,341 and on December 31, 2020 by $13,803,829. The District's net position increased by $12,311,512 (89.2%) in 2021 and increased by $171,619 (1.3%) in 2020.

The District's operating revenues increased by $233,997 (17.6%) in 2021 and by $122,277 (10.1%) in 2020. Operating expenses increased by $210,746 (13.0%) in 2021 and increased by $148,188 (10.1%) in 2020.

During 2021, the District paid $387,463 in principal on outstanding debt. The District also had $14,541,187 in capital asset additions during 2021.

During 2020, the District paid $404,345 in principal on outstanding debt. The District also had $518,363 in capital asset additions during 2020.

OVERVIEW OF BASIC FINANCIAL STATEMENTS

The District is a single enterprise fund using proprietary fund accounting, similar to private sector business. The Basic Financial Statements are presented using the accrual basis of accounting.

The **Statements of Net Position** include all of the District's Assets, Liabilities, and Deferred Outflows/Inflows of Resources. These statements provide information about the nature and amounts of investments in resources (assets) owned by the District, obligations owed by the District (liabilities), and deferred outflows/inflows of resources on December 31. The District's net position is the difference between assets plus deferred outflows of resources and liabilities plus deferred inflows of resources.

The **Statements of Revenues, Expenses and Changes in Net Position** provide information on the District's operations over the past two years and the success of recovering all its costs through user fees, charges, special assessments and other income. Revenues are reported when earned and expenses are reported when incurred.

The **Statements of Cash Flows** provide information about the District's cash receipts and cash disbursements. It summarizes the net changes in cash resulting from operating, investing, noncapital financing and capital financing activities.

The notes to the basic financial statements are an integral part of the basic financial statements and provide expanded explanation and detail regarding the information reported in the basic financial statements.

STATEMENTS OF NET POSITION

Table 1 summarizes the Statements of Net Position of the District. Capital assets are reported less accumulated depreciation. "Net Investment in Capital Assets," represents capital assets less outstanding debt that was used to acquire those assets.

(Table 1)
Net Position

	2021	2020	Difference	2019	Difference
Current and Other Assets	$ 5,893,385	$ 4,044,577	$ 1,848,808	$ 4,326,919	$ (282,342)
Capital Assets, Net	26,877,077	13,054,858	13,822,219	12,936,182	118,676
Total Assets	32,770,462	17,099,435	15,671,027	17,263,101	(163,666)
Pensions	26,415	57,611	(31,196)	82,024	(24,413)
OPEB	12,298	35,033	(22,735)	17,441	17,592
Total Deferred Outflows of Resources	38,713	92,644	(53,931)	99,465	(6,821)
Long Term Liabilities	2,823,740	2,283,937	539,803	2,648,083	(364,146)
Current and Other Liabilities	3,326,935	604,523	2,722,412	628,082	(23,559)
Total Liabilities	6,150,675	2,888,460	3,262,215	3,276,165	(387,705)
Pensions	50,948	33,374	17,574	2,150	31,224
OPEB	40,367	14,572	25,795	197	14,375
Unearned Special Assessments	451,844	451,844	-	451,844	-
Total Deferred Inflows of Resources	543,159	499,790	43,369	454,191	45,599
Net Investment in Capital Assets	21,021,260	10,602,458	10,418,802	10,043,010	559,448
Unrestricted	5,094,081	3,201,371	1,892,710	3,589,200	(387,829)
Total Net Position	**$ 26,115,341**	**$ 13,803,829**	**$ 12,311,512**	**$ 13,632,210**	**$ 171,619**

The net pension liability (NPL) is a liability reported by the District at December 31, 2021 and is reported pursuant to GASB Statement 68, "Accounting and Financial Reporting for Pensions—an Amendment of GASB Statement 27." The net other postemployment liability (OPEB) is a liability reported by the District at December 31, 2020 and is reported pursuant to GASB Statement 75, "Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions." For fiscal year 2021, the District reported a net OPEB asset based upon actuarial calculations. For reasons discussed below, many end users of this financial statement will gain a clearer understanding of the District's actual financial condition by adding deferred inflows related to pension and OPEB, the net pension liability and the net OPEB liability to the reported net position and subtracting the net OPEB asset and deferred outflows related to pension and OPEB.

Governmental Accounting Standards Board standards are national and apply to all government financial reports prepared in accordance with generally accepted accounting principles. Prior accounting for pensions (GASB 27) and postemployment benefits (GASB 45) focused on a funding approach. This approach limited pension and OPEB costs to contributions annually required by law, which may or may not be sufficient to fully fund each plan's *net pension liability* or *net OBEP liability*. GASB 68 and GASB 75 take an earnings approach to pension and OPEB accounting; however, the nature of Ohio's statewide pension/OPEB plans and state law governing those systems requires additional explanation in order to properly understand the information presented in these statements. GASB 68 and GASB 75 require the net pension liability and the net OPEB liability (asset) to equal the District's proportionate share of each plan's collective:

1. Present value of estimated future pension/OPEB benefits attributable to active and inactive employees' past service
2 Minus plan assets available to pay these benefits

GASB notes that pension and OPEB obligations, whether funded or unfunded, are part of the "employment exchange" – that is, the employee is trading his or her labor in exchange for wages, benefits, and the promise of a future pension and other postemployment benefits. GASB noted that the unfunded portion of this promise is a present obligation of the government, part of a bargained-for benefit to the employee, and should accordingly be reported by the government as a liability since they received the benefit of the exchange. However, the District is not responsible for certain key factors affecting the balance of these liabilities. In Ohio, the employee shares the obligation of funding pension benefits with the employer. Both employer and employee contribution rates are capped by State statute. A change in these caps requires action of both Houses of the General Assembly and approval of the Governor. Benefit provisions are also determined by State statute. The Ohio revised Code permits, but does not require the retirement systems to provide healthcare to eligible benefit recipients. The retirement systems may allocate a portion of the employer contributions to provide for these OPEB benefits. The employee enters the employment exchange with the knowledge that the employer's promise is limited not by contract but by law. The employer enters the exchange also knowing that there is a specific, legal limit to its contribution to the retirement system. In Ohio, there is no legal means to enforce the unfunded liability of the pension/OPEB plan *as against the public employer.* State law operates to mitigate/lessen the moral obligation of the public employer to the employee, because all parties enter the employment exchange with notice as to the law. The retirement system is responsible for the administration of the pension and OPEB plans.

Most long-term liabilities have set repayment schedules or, in the case of compensated absences (i.e. sick and vacation leave), are satisfied through paid time-off or termination payments. There is no repayment schedule for the net pension liability or the net OPEB liability. As explained above, changes in benefits, contribution rates, and return on investments affect the balance of these liabilities, but are outside the control of the local government. In the event that contributions, investment returns, and other changes are insufficient to keep up with required payments, State statute does not assign/identify the responsible party for the unfunded portion. Due to the unique nature of how the net pension liability and the net OPEB liability are satisfied, these liabilities are separately identified within the long-term liability section of the statement of net position. When a net OPEB asset is identified, it is separately identified within the other assets section of the statement of net position. In accordance with GASB 68 and GASB 75, the District's statements prepared on an accrual basis of accounting include an annual pension expense and an annual OPEB expense for their proportionate share of each plan's *change* in net pension liability and net OPEB liability (asset), respectively, not accounted for as deferred inflows/outflows.

The District's net position increased by $12,311,512 (89.2%) in 2021 and increased by $171,619 (1.3%) in 2020. The increase in 2021 is primarily due to the assignment of capital assets (water lines) from Allen County to the District in 2021 which were recorded at estimated acquisition value for $10,629,010. The District also received developer donated lines for $164,500 in 2021. The District also had intergovernmental receivables of $1,395,270 in 2021 which did not exist in 2020. The District also had additional cash and cash equivalents received in 2021.

The increase in 2020 is primarily due to increased capital contributions for the East Regional project in 2020. This increase was partially offset by a decrease in capital contributions from special assessments during 2020. Current and other assets decreased primarily due to decreases in special assessments from payments made in 2020. Long-term liabilities decreased primarily due to payments for the retirement of debt during 2020.

Unrestricted net position increased by $1,892,710 from 2020 to 2021 and decreased by $387,829 from 2019 to 2020. Cash and cash equivalents increased by $853,967 as cash receipts exceeded cash disbursements during 2021. Cash and cash equivalents increased by $40,714 as cash receipts exceeded cash disbursements during 2020. Assessments receivable decreased by $359,102 from 2020 to 2021 due to payments received on outstanding balances from customers during 2021. Assessments receivable decreased by $338,195 from 2019 to 2020 due to payments received on outstanding balances from customers during 2020. Capital assets increased $13,822,219 with the addition of the assigned water lines from Allen County and construction in progress exceeding depreciation expense during 2021. Capital assets increased $118,676 with the addition of construction in progress exceeding depreciation expense during 2020.

STATEMENTS OF CHANGES IN NET POSITION

Table 2 below summarizes the changes in revenues and expenses and the resulting changes in net position.

(Table 2)
Changes in Net Position

	2021	2020	Difference	2019	Difference
Operating Revenues	$ 1,565,884	$ 1,331,887	$ 233,997	$ 1,209,610	$ 122,277
Operating Expenses (Excluding Deprecation)	1,109,488	1,218,023	(108,535)	1,069,835	148,188
Depreciation	718,968	399,687	319,281	399,687	-
Total Operating Expenses	1,828,456	1,617,710	210,746	1,469,522	148,188
Operating (Loss)	(262,572)	(285,823)	23,251	(259,912)	(25,911)
Non-Operating Revenues	139,481	165,887	(26,406)	265,996	(100,109)
Non-Operating Expenses	(155,322)	(108,445)	(46,877)	(134,145)	25,700
Capital Contributions	12,589,925	400,000	12,189,925	112,603	287,397
Changes in Net Position	12,311,512	171,619	12,139,893	(15,458)	187,077
Net Position at Beginning of Year	13,803,829	13,632,210	171,619	13,647,668	(15,458)
Net Position at End of Year	**$ 26,115,341**	**$ 13,803,829**	**$ 12,311,512**	**$ 13,632,210**	**$ 171,619**

Operating revenues increased $233,997 from 2020 to 2021 primarily due to an increase in district fee revenues which is due to the addition of the Allen County water customers in 2021. Operating expenses, exclusive of depreciation, decreased $108,545 primarily due to decreases in pension/OPEB expenses, and audit fees from the previous year. Pension and OPEB expenses decreased primarily due to a significant reduction in the net OPEB liability from the prior year due to changes in actuarial calculations. Audit fees decreased as audits are only performed every other year. Interest income decreased due to less interest from decreasing special assessment receivable balances. Interest expense decreased due to decreasing balances of OWDA loans payable. Capital contributions increased due to the assignment of Allen County's water lines to the District in 2021 and capital contributions from governments for the East Regional project during 2021.

Operating revenues increased $122,277 from 2019 to 2020 primarily due to an increase in contract fee revenues. Operating expenses, exclusive of depreciation, increased $148,188 primarily due to increases in contract fees expense, pension/OPEB expenses, and audit fees from the previous year. Contract fees expense increased as a direct result of increased contract fees revenue received. Pension and OPEB expenses increased due to changes in pension and OPEB from the prior year. Audit fees increased as audits are only performed every other year. Interest income decreased due to less interest from decreasing special assessment receivable balances. Capital permit fees and supplemental charges increased due to more users connecting to the system. Interest expense decreased due to decreasing balances of OWDA loans payable. Capital contributions increased due to capital contributions from governments for the East Regional project during 2020.

CAPITAL ASSETS

The District had $35,304,208 invested in capital assets (before depreciation) at the end of 2021. This amount increased from 2020 by $14,541,187 primarily due to the assignment of Allen County's water lines to the District and an increase in construction in progress, primarily for the East Regional Water Line project. The District had $26,877,077 invested in net capital assets (after depreciation) at the end of 2021. This amount is an increase of $13,822,219 from the previous year and is primarily due to additions which was partially offset by depreciation expense.

The District had $20,673,021 invested in capital assets (before depreciation) at the end of 2020. This amount increased from 2019 by $518,363 primarily due to an increase in construction in progress. The District had $13,054,858 invested in net capital assets (after depreciation) at the end of 2020. This amount is an increase of $118,676 (0.90%) from the previous year and is primarily due to additions which was partially offset by depreciation expense.

(Table 3)
Capital Assets at December 31

	2021	2020	2019
Land Easements	$ 7,186	$ 7,186	$ 7,186
Construction in Progress	4,549,760	802,083	283,720
Water Lines	30,735,838	19,942,328	19,942,328
Office Furniture & Equipment	11,424	11,424	11,424
Totals Before Accumulated Depreciation	35,304,208	20,763,021	20,244,658
Accumulated Depreciation	(8,427,131)	(7,708,163)	(7,308,476)
Net Capital Assets	**$ 26,877,077**	**$ 13,054,858**	**$12,936,182**

Additional information regarding capital assets can be found in Note H to the basic financial statements.

DEBT

The District issues long term debt to finance much of its construction. The District typically levies special assessments on the benefiting property owners and then generally obtains Ohio Water Development Authority Loans (OWDA) to finance these water line projects. The special assessment collections are generally received over a twenty-five year period (with some exceptions) and such collections are used to assist in paying the debt service on the OWDA Loans and the Local Government Innovation Fund (LGIF) Loan. During 2021, the District entered into several loan agreements with the United States Department of Agriculture-Rural Development to assist in funding the East Regional Water Line project. Additional information regarding debt can be found in Note I to the basic financial statements.

(Table 4)
Outstanding Debt, at December 31

	2021	2020	2019
OWDA Loans	$ 1,596,387	$ 1,943,856	$ 2,308,198
USDA Loans	1,057,360	-	-
LGIF Loan	157,844	197,844	237,844
Rotary Commission Loans	270,013	270,013	270,013
Total Long Term Debt	3,081,604	2,411,713	2,816,055
Less			
Current Maturities	375,586	387,462	404,372
Net Long Term Debt	$ 2,706,018	$ 2,024,251	$ 2,411,683

CASH

Cash and cash equivalents were $2,240,974 at December 31, 2021 and $1,387,007 at December 31, 2020.

CONTACT INFORMATION

Questions regarding this report and requests for additional information should be forwarded to Merle Miller, Treasurer, Allen Water District, 3230 North Cole Street, Lima, Ohio 45801 or (419) 996-4679.

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Allen Water District
Allen County, Ohio

Statements of Net Position
As of December 31, 2021 and 2020

ASSETS AND DEFERRED OUTFLOWS OF RESOURCES

	2021	UNAUDITED 2020
CURRENT ASSETS:		
Cash and cash equivalents	$ 9	$ 9
Equity in County Treasury	2,240,965	1,386,998
Accounts receivable	113,564	106,291
Intergovernmental receivable	1,395,270	-
Prepaid insurance	2,893	1,642
Total current assets	3,752,701	1,494,940
NONCURRENT ASSETS:		
Capital Assets:		
Land easements	7,186	7,186
Construction in Progress	4,549,760	802,083
Water lines	30,735,838	19,942,328
Office furniture and equipment	11,424	11,424
	35,304,208	20,763,021
Less: Accumulated depreciation	(8,427,131)	(7,708,163)
Net capital assets	26,877,077	13,054,858
Other Assets:		
Assessments receivable	2,127,500	2,486,602
Net OPEB asset	13,184	-
Planning costs	-	63,035
Total other assets	2,140,684	2,549,637
TOTAL ASSETS	**$ 32,770,462**	**$ 17,099,435**
DEFERRED OUTFLOWS OF RESOURCES:		
Pensions	26,415	57,611
OPEB	12,298	35,033
TOTAL DEFERRED OUTFLOWS OF RESOURCES	38,713	92,644
TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES	**$ 32,809,175**	**$ 17,192,079**

(Continued)

Allen Water District
Allen County, Ohio

Statements of Net Position - Continued
As of December 31, 2021 and 2020

LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND NET POSITION

	2021	UNAUDITED 2020
CURRENT LIABILITIES:		
Accounts payable	$ 160,321	$ 162,356
Contracts payable	2,637,919	40,687
Accrued payroll and related liabilities	2,378	3,728
Vacation and personal leave accrual	14,437	10,290
Due to other governments	-	-
Retainage payable	136,294	-
Loans payable - current portion	375,586	387,462
Total current liabilities	3,326,935	604,523
LONG-TERM LIABILITIES:		
Net pension liabilities	117,722	157,335
Net OPEB liabilities	-	102,351
Loans payable	2,706,018	2,024,251
Total long-term liabilities	2,823,740	2,283,937
TOTAL LIABILITIES	6,150,675	2,888,460
DEFERRED INFLOWS OF RESOURCES:		
Pensions	50,948	33,374
OPEB	40,367	14,572
Unearned special assessments	451,844	451,844
TOTAL DEFERRED INFLOWS OF RESOURCES	543,159	499,790
NET POSITION:		
Net investment in capital assets	21,021,260	10,602,458
Unrestricted	5,094,081	3,201,371
TOTAL NET POSITION	26,115,341	13,803,829
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND NET POSITION	**$ 32,809,175**	**$ 17,192,079**

See accompanying notes to the basic financial statements.

Allen Water District
Allen County, Ohio

Statements of Revenues, Expenses and Changes in Net Position
For the Years Ended December 31, 2021 and 2020

	2021	UNAUDITED 2020
OPERATING REVENUES:		
District fees	$ 629,013	$ 404,390
Contract fees revenue	936,871	927,497
Total operating revenues	1,565,884	1,331,887
OPERATING EXPENSES:		
Office wages	90,275	84,598
Contract fees expense	936,871	927,497
Trustee fees	36,000	31,764
Payroll taxes/Health Insurance/Workers compensation	23,429	19,444
OPERS/Pension/OPEB expense	(40,750)	91,376
Membership fees and continuing education	-	100
Engineering fees	5,000	-
Legal fees	5,623	9,583
Accounting fees	13,200	13,200
Audit fees	-	15,272
Insurance	5,451	3,647
Office supplies	4,385	1,027
Office rent	18,000	18,000
Public relations	5,515	1,977
Easement rent	554	538
Depreciation	718,968	399,687
Miscellaneous	5,935	-
Total operating expenses	1,828,456	1,617,710
Operating loss	**$ (262,572)**	**$ (285,823)**

(Continued)

Allen Water District
Allen County, Ohio

Statements of Revenues, Expenses and Changes in Net Position - Continued
For the Years Ended December 31, 2021 and 2020

	2021	UNAUDITED 2020
Operating loss	$ (262,572)	$ (285,823)
NONOPERATING REVENUES (EXPENSES):		
Intergovernmental	15,219	19,851
Interest income	73,400	105,330
Capital permit fees and supplemental charges	48,444	40,000
Terminated project expense	(63,034)	-
Interest expense	(92,288)	(108,445)
Miscellaneous revenue	2,418	706
Net nonoperating revenues (expenses)	(15,841)	57,442
Changes in net position before capital contributions	(278,413)	(228,381)
Capital contributions - donated and assigned lines	10,793,510	-
Capital contributions - intergovernmental	1,795,270	400,000
Capital contributions - special assessments	1,145	-
Total Capital Contributions	12,589,925	400,000
Changes in net position	12,311,512	171,619
Net position, beginning of year	13,803,829	13,632,210
Net position, end of year	**$ 26,115,341**	**$ 13,803,829**

See accompanying notes to the basic financial statements.

Allen Water District
Allen County, Ohio

Statements of Cash Flows
For the Years Ended December 31, 2021 and 2020

	2021	UNAUDITED 2020
CASH FLOWS FROM OPERATING ACTIVITIES:		
Cash received from customers	$ 625,469	$ 403,389
Cash received from contract fee revenues	933,141	913,359
Cash payments to suppliers for goods and services	(1,003,819)	(965,285)
Cash payments for employee services and benefits	(164,005)	(131,581)
Net cash provided by operating activities	390,786	219,882
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:		
Other income	2,418	706
Net cash provided by noncapital financing activities	2,418	706
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:		
Capital permit fees	48,444	40,000
Intergovernmental contributions on projects	400,000	400,000
OWDA principal payments	(347,463)	(364,345)
OWDA interest payments	(74,070)	(88,594)
USDA interest payments	(2,999)	-
LGIF loan principal payment	(40,000)	(40,000)
Special assessments collections	360,242	338,195
Special assessment interest income	73,400	105,330
Proceeds from USDA loan	1,057,360	-
Capital outlay	(1,014,151)	(570,460)
Net cash provided by capital and related financing activities	460,763	(179,874)
Net increase (decrease) in cash and cash equivalents	853,967	40,714
Cash and cash equivalents at beginning of year	1,387,007	1,346,293
Cash and cash equivalents at end of year	**$ 2,240,974**	**$ 1,387,007**

(Continued)

Allen Water District
Allen County, Ohio

Statements of Cash Flows - Continued
For the Years Ended December 31, 2021 and 2020

	2021	UNAUDITED 2020
RECONCILIATION OF OPERATING LOSS TO NET CASH PROVIDED BY OPERATING ACTIVITIES:		
Operating loss	$ (262,572)	$ (285,823)
ADJUSTMENTS TO RECONCILE OPERATING LOSS TO NET CASH PROVIDED BY OPERATING ACTIVITIES:		
Depreciation	718,968	399,687
Pension expense adjustments not affecting cash	9,157	64,862
OPEB expense adjustments not affecting cash	(67,005)	26,514
Changes in Assets and Liabilities:		
Decrease in accounts receivable	(7,273)	(15,139)
(Increase) decrease in prepaid insurance	(1,251)	-
Increase (decrease) in accounts payable (operating)	(2,035)	25,456
Increase (decrease) in accrued payroll and related liabilities	(1,350)	598
Increase in vacation and personal leave accrual	4,147	3,727
Total adjustments	653,358	505,705
Net cash provided by operating activities	**$ 390,786**	**$ 219,882**
NON-CASH TRANSACTIONS:		
Intergovernmental revenue - interest subsidy	$ 15,219	$ 19,851
Interest expense - interest subsidy	$ (15,219)	$ (19,851)
Donated and assigned water lines	$ 10,793,510	$ -
Terminated project expenses	$ 63,034	$ -

See accompanying notes to the basic financial statements.

NOTE A – NATURE OF ORGANIZATION

The Allen Water District, hereafter referred to as "the District," was created by the Court of Common Pleas of Allen County in accordance with the provisions of Section 6119.et.seq of the Ohio Revised Code to provide water services to the residents of Bath, American, Perry, Shawnee, Monroe, Auglaize, Jackson, and Amanda Townships. A nine (9) member appointed Board of Trustees manage the Allen Water District. The District's management believes these financial statements present all activities for which the District is financially accountable.

NOTE B – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The significant accounting policies followed in the preparation of these financial statements conform to accounting principles generally accepted in the United States of America for local government units as prescribed in the statements issued by the Governmental Accounting Standards Board (GASB) and other recognized authoritative sources.

1. **Basis of Presentation - Fund Accounting**
The accounts of the District are organized on the basis of funds, to report on its financial position and the results of its operations, each of which is considered a separate accounting entity. The District has created a single type of fund and a single fund within that fund type. The fund is accounted for by a separate set of self-balancing accounts that comprise its assets, deferred outflows of resources, liabilities, deferred inflows of resources, net position, revenues, and expenses. This fund accounts for the governmental resources allocated to it for the purpose of carrying on specific activities in accordance with laws, regulations or other restrictions. The fund type, which the District uses, is described below:

Proprietary Fund Type - This fund type accounts for operations that are organized to be self-supporting through user charges. The fund included in this category used by the District is the Enterprise Fund.

Enterprise Fund - This fund is established to account for operations that are financed and operated in a manner similar to private business enterprises where the intent is that costs of providing goods or services to the general public on a continuing basis be financed or recovered primarily through user charges.

2. **Basis of Accounting and Measurement Focus**
Basis of accounting refers to when revenues and expenses are recognized in the accounts and reported in the financial statements. Basis of accounting relates to the timing of the measurements made. The accounting policies of the District conform to accounting policies generally accepted in the United States of America.

For financial statement presentation purposes, the District utilizes the accrual basis of accounting. Under this method of accounting, revenues are recognized when they are earned. Expenses are recognized under the accrual basis of accounting when the liability is incurred.

3. **Budgetary Process**
The Ohio Revised Code requires that each fund be budgeted annually. The District has adopted a budget for the years ended December 31, 2021 and 2020, and has adopted and passed annual appropriations resolutions.

Appropriations – For the years ended December 31, 2021 and 2020, budgetary expenditures could not exceed appropriations at the levels of operating expenditures, direct project expenditures, debt payments, capital expenditures, contract expense, and private development expense and, within each, the amount appropriated for personal service. The District must annually approve appropriation measures and subsequent amendments. For both years, appropriations may not exceed estimated resources.

Estimated Resources - Estimated resources include estimates of cash to be received (budgeted receipts) plus unencumbered cash as of January 1.

NOTE B – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

Encumbrances – The Ohio Revised Code requires the District to reserve (encumber) appropriations when commitments are made.

4. **Cash and Investments**
The Allen County Treasurer is the custodian for the District's cash and investments. The County's cash and investment pool holds the District's cash and investments, which are reported at the County Treasurer's carrying amount. Deposit and investment disclosures for Allen County as a whole may be obtained from the Allen County Treasurer, Krista Bohn, 301 N Main St., Suite 203, Lima, OH 45801 or (419) 223-8515.

5. **Accounts Receivable**
Accounts receivable consist of District fees charged to customers and are shown at their net realizable value.

6. **Special Assessments Receivable/Unearned Special Assessments**
Assessment accounts receivable are from completed construction projects and the issuance of final assessments to residents to cover those costs. The receivables are guaranteed through property tax billing. Included in the balances are deferred agricultural property assessments. These amounts will be collected when the properties no longer qualify for agricultural property status, as defined in the Ohio Revised Code Chapter 929, and as certified by the County Auditor. These receivables are not recorded as revenue, but rather are offset by a deferred inflow of resources account that is called unearned special assessments. The time frame of collection is undeterminable. New special assessments levied on customers are recorded as capital contributions – special assessments in the accompanying financial statements as such assets are used to construct capital assets.

7. **Prepaid Expenses**
Payments made to vendors for services that will benefit periods beyond December 31, 2021 and 2020 are recorded as prepaid items using the consumption method. A current asset of the prepaid amount is recorded at the time of purchase and as an expense in the year in which the services are consumed.

8. **Capital Assets**
Capital assets are stated at cost and are depreciated over the estimated useful lives of the assets from five to fifty years, depending on the type of asset. Equipment is generally depreciated over five to seven years while water lines are generally depreciated over fifty years. Donated assets are reported at their estimated acquisition value on the date donated. In addition, interest costs incurred during the construction of the water system infrastructure are capitalized and included in capital assets. Once construction is complete and a project is operational, depreciation begins. Prior to 2004, the District recorded the purchase of all assets as capital assets. Since 2004, the District has maintained a capital asset threshold of $500.

   Depreciation is computed using the straight-line method for financial reporting purposes.

9. **Planning Costs - Proposed Projects**
The planning costs for proposed projects are comprised of engineering, legal and administrative planning costs which are not allocated to specific projects currently in construction. If the proposed project begins construction, the respective planning costs will be included in capital assets and depreciated (as Note B8 defines). If the proposed project does not enter construction, respective planning costs will be deemed impaired assets and written-off.

10. **Interest Expense**
Interest expense represents the interest portion of construction loan payments to the Ohio Water Development District.

NOTE B – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

11. **Revenue Recognition**
Revenues for service fees are recorded in the period the service is provided. Revenues for tap fees are recorded when the taps have been installed and the customer is using the service. All other revenue is recognized when earned.

12. **Income Tax**
The District operates as a public water system exempt from federal income tax under Internal Revenue Code Section 501(c)(1).

13. **Net Position**
Net position represents the difference between assets plus deferred outflows of resources and liabilities plus deferred inflows of resources. Net investment in capital assets, consist of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowings used for the acquisition, construction or improvements of those assets. Net position is reported as restricted when there are limitations imposed on their use either through the enabling legislation adopted by the District or through external restrictions imposed by creditors, grantors, or laws or regulations of other governments. The District applies restricted resources when an expense is incurred for purposes for which both restricted and unrestricted net position is available. The District had no restrictions on net position as of December 31, 2021 and 2020.

14. **Estimates**
The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the amounts reported on the basic financial statements and accompanying notes. Actual results may differ from those estimates.

15. **Operating Revenues and Expenses**
Operating revenues are those revenues that are generated directly from the primary activity of the enterprise fund. For the District, these revenues are district fees and contract fee revenue for water services provided. Operating expenses are necessary costs incurred to provide the goods and/or services that are the primary activities of the fund. Revenues and expenses not meeting these definitions are reported as nonoperating.

16. **Accrued Liabilities and Long-Term Obligations**
All payables, accrued liabilities, and long-term obligations are reported in the financial statements when the liability is incurred.

17. **Deferred Outflows and Deferred Inflows of Resources**
Deferred outflows of resources represent a consumption of net position that applies to a future period and so will not be recognized as an outflow of resources (expenditures/expenses) until then. The District recorded a deferred outflow of resources for pension and other postemployment benefits. The deferred outflows of resources related to the pension and other postemployment benefits are explained in Note J and Note K. The District reports a deferred inflow of resources which represents an acquisition of net position that applies to a future period and will not be recognized as an inflow of resources (revenues) until that time. For the District these amounts consisted of special assessments which are recognized as a receivable; however, they are not recognized as revenue since these properties are in an agricultural deferred status and the revenue cannot be collected until the properties are converted to a non-agricultural use. The District also reports a deferred inflow of resources which represents an acquisition of net position that applies to a future period and will not be recognized as an inflow of resources (revenues) until that time. For the District this was for pensions and postemployment benefits. (See Note J and Note K)

NOTE B – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

18. **Pensions and Other Postemployment Benefits (OPEB)**
For purposes of measuring the net pension/OPEB liabilities (assets), deferred outflows of resources and deferred inflows of resources related to pensions and OPEB, and pension/OPEB expense, information about the fiduciary net position of the pension plans and additions to/deductions from their fiduciary net position have been determined on the same basis as they are reported by the pension/OPEB plan. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. The pension/OPEB plans report investments at fair value.

NOTE C – CASH AND INVESTMENTS

Deposits - The Allen County Treasurer is the custodian for the District's deposits**.** These deposits were valued at the Treasurer's reported carrying amount of $2,240,965 at December 31, 2021. These deposits were valued at the Treasurer's reported carrying amount of $1,386,998 at December 31, 2020.

In addition, $9 was carried in a petty cash fund as of December 31, 2021 and 2020, respectively.

Investments – The District had no investments as of December 31, 2021 and 2020.

NOTE D – ACCOUNTS RECEIVABLE/SPECIAL ASSESSMENTS RECEIVABLE

The accounts receivable balance of $113,564 at December 31, 2021 ($106,291 at December 31, 2020) is current (due 0-30 days). Assessment receivables of $2,127,500 at December 31, 2021 ($2,486,602 at December 31,2020) represent the remaining balance of construction assessments, less prepayments, and principal amounts received from the county auditor.

Once an assessment has been issued for construction costs, and the deadline is final for prepayments, the remaining unpaid balances are certified to the county auditor for semi-annual collection over 5 to 25 years through real estate tax billings. Interest is being charged at the same rate as the respective OWDA loan.

NOTE E – DISTRICT AND CONTRACT FEES

The District's customers, as an outside the city user, pay a service charge for water as well as a contract fee, not to exceed 50 percent of the water service charge, for the right and privilege of receiving water services as defined in the contract between the District and the City of Lima. The City of Lima is responsible for the billing and collection of all fees on behalf of the District.

NOTE F - COMPENSATED ABSENCES

The District uses the provisions of GASB Statement No. 16, "Accounting for Compensated Absences." Vacation and personal leave benefits are accrued as a liability as the benefits are earned if the employees' rights to receive compensation are attributable to services already rendered and it is probable that the employer will compensate the employees for the benefits through paid time off or some other means. Sick leave benefits are not accrued as a liability as employees receive no payment for accrued sick leave upon termination or retirement. The vacation and personal leave accrual as of December 31, 2021and 2020 was $14,437 and $10,290, respectively. At December 31, 2021, there was one full-time employee and one part-time employee.

NOTE G – RISK MANAGEMENT

The District belongs to the Ohio Plan Risk Management, Inc. (OPRM) (the "Plan"), a non-assessable, unincorporated non-profit association providing a formalized, jointly administered self-insurance risk management program and other administrative services to Ohio governments ("Members"). The Plan is legally separate from its member governments.

Pursuant to Section 2744.081 of the Ohio Revised Code, the plan provides property, liability, errors and omissions, law enforcement, automobile, excess liability, crime, surety and bond, inland marine and other coverages to its members sold through fourteen appointed independent agents in the State of Ohio.

Effective November 1, 2010 (through October 31, 2017), the corridor is for losses paid is between 60% and 70% of casualty premiums earned in the first $250,000. Effective November 1, 2016, the OPRM elected to participate in a property loss corridor deductible. The property corridor includes losses paid between 70% and 75%. In 2018, the casualty loss corridor was eliminated and the property corridor was adjusted to losses paid between 65% and 70%. Effective November 1, 2019, the property loss corridor was adjusted to losses between 60% and 67.5% and remain unchanged effective November 1, 2021 and November 1, 2020. OPRM had 769 members as of December 31, 2021.

The Pool's audited financial statements conform with generally accepted accounting principles, and reported the following assets, liabilities and equity at December 31, 2021.

Assets	$ 21,777,439
Liabilities	(15,037,383)
Members' Equity	$ 6,740,056

You can read the complete audited financial statements for OPRM at the Plan's website, www.ohioplan.org.

The District had no significant reductions in insurance coverage from prior years. The District has not had any insurance settlements which exceeded insurance coverage during the past three years.

NOTE H – CAPITAL ASSETS

Capital assets activity for the year ended December 31, 2021 was as follows:

	Ending Balance 12/31/20	Additions	Deletions	Adjustments	Ending Balance 12/31/2021
Capital Assets, Not Being Depreciated					
Land Easements	$ 7,186	$ -	$ -	$ -	$ 7,186
Contruction in Progress	802,083	3,747,677	-	-	4,549,760
Total Capital Assets, Not Being Depreciated	809,269	3,747,677	-	-	4,556,946
Capital Assets Being Depreciated					
Water Lines	19,942,328	10,793,510	-	-	30,735,838
Office Furniture and Equipment	11,424	-	-	-	11,424
Total Capital Assets, Being Depreciated	19,953,752	10,793,510	-	-	30,747,262
Less Accumulated Depreciation:					
Water Lines	(7,301,091)	(718,127)	-	(398,005)	(8,417,223)
Office Furniture and Equipment	(407,072)	(841)	-	398,005	(9,908)
Total Accumulated Depreciation	(7,708,163)	(718,968)	-	-	(8,427,131)
Total Capital Assets Being Depreciated, Net	12,245,589	10,074,542	-	-	22,320,131
Total Capital Assets, Net	$ 13,054,858	$ 13,822,219	$ -	$ -	$ 26,877,077

Capital assets activity for the year ended December 31, 2020 was as follows:

	Ending Balance 12/31/2019	Additions	Deletions	Adjustments	Ending Balance 12/31/2020
Capital Assets, Not Being Depreciated					
Land Easements	$ 7,186	$ -	$ -	$ -	$ 7,186
Contruction in Progress	283,720	518,363	-	-	802,083
Total Capital Assets, Not Being Depreciated	290,906	518,363	-	-	809,269
Capital Assets Being Depreciated					
Water Lines	19,942,328	-	-	-	19,942,328
Office Furniture and Equipment	11,424	-	-	-	11,424
Total Capital Assets, Being Depreciated	19,953,752	-	-	-	19,953,752
Less Accumulated Depreciation:					
Water Lines	(7,300,250)	(841)	-	-	(7,301,091)
Office Furniture and Equipment	(8,226)	(398,846)	-	-	(407,072)
Total Accumulated Depreciation	(7,308,476)	(399,687)	-	-	(7,708,163)
Total Capital Assets Being Depreciated, Net	12,645,276	(399,687)	-	-	12,245,589
Total Capital Assets, Net	$ 12,936,182	$ 118,676	$ -	$ -	$ 13,054,858

NOTE H – CAPITAL ASSETS – Continued

The following is a more detailed schedule of capital assets at December 31:

	2021	2020
Land easement	$ 7,186	$ 7,186
Construction in Progress	4,549,760	802,083
Water Lines:		
Elm and Copus	349,046	349,046
Shawnee	1,447,304	1,447,304
McDonel	859,112	859,112
Hawthorne	211,545	211,545
State Route 309	261,180	261,180
Allentown	1,759,880	1,759,880
Buckeye Road	317,070	317,070
Shagbark and Snowberry	153,781	153,781
Springbrook	883,148	883,148
East Breese	542,554	542,554
Greely Chapel South	170,267	170,267
Dixie/Blue I & II	782,167	782,167
East Bluelick Extension	99,872	99,872
Hawthorne Extension	58,946	58,946
Lee Ann	41,969	41,969
Woodbriar	635,386	635,386
Metzger	98,363	98,363
Linfield	79,094	79,094
Fetter	216,663	216,663
Stewart	202,941	202,941
Dixie North - King	149,768	149,768
Sweger-Fraunfelter	231,822	231,822
Diller/Eastown/Frank	526,584	526,584
Eastown	185,540	185,540
Colony Park	264,676	264,676
Dixie North #3	80,107	80,107
Zurmehly Road Extension	44,470	44,470
Bath Loop	402,204	402,204
Cotner/Wapak	231,657	231,657
Shawnee Phase II	884,160	884,160
Fort Amanda Loop	180,962	180,962
Cole Street & North Cole St. Extension Loop	168,954	168,954
North West Street	129,588	129,588
Bluelick/Thayer	306,665	306,665
Berryhill & Blue Jacket	277,836	277,836
Southeast Waterline	1,745,094	1,745,094
Airport	113,429	113,429
Raabe (Delphos) Waterline	14,771	14,771
Diller Road	149,930	149,930
Baty Road Extension	85,760	85,760
Developer and Other GovernmentDonated Lines	15,391,573	4,598,063
Total Water Lines	30,735,838	19,942,328
Office furniture and equipment	11,424	11,424
Total Capital Assets	35,304,208	20,763,021
Less accumulated depreciation	(8,427,131)	(7,708,163)
Net Capital Assets	$ 26,877,077	$ 13,054,858

NOTE I – CURRENT AND LONG-TERM DEBT

Long-term debt obligations and the related transactions for the years ended December 31, 2021 and 2020 are summarized below.

	Balance 12/31/20	Additions	Reductions	Balance 12/31/21	Due Within One Year
Note Payable OWDA #2139, payable in 50 semiannual installments of $5,095 starting July 1, 2001, including interest at 5.77%, due January, 2026	43,716	-	7,778	35,938	8,233
Note Payable OWDA #2975, payable in 50 semiannual installments of $29,635 starting January 1, 1997, including interest at 6.72%, due July, 2021	27,780	-	27,780	-	-
Note Payable OWDA #3129, payable in 50 semiannual installments of $6,106 starting January 1, 1998, including interest at 5.94%, due July, 2023	22,410	-	10,880	11,530	11,530
Note Payable OWDA #3130, payable in 50 semiannual installments of $4,394 starting July 1, 1999, including interest at 6.32%, due January, 2024	23,298	-	7,315	15,983	7,778

NOTE I – CURRENT AND LONG-TERM DEBT – Continued

	Balance 12/31/20	Additions	Reductions	Balance 12/31/21	Due Within One Year
Note Payable OWDA #3131, payable in 50 semiannual installments of $22,602 starting July 1, 1999, including interest at 5.66%, due January, 2024	121,337	-	38,336	83,001	40,506
Note Payable OWDA #3132, payable in 50 semiannual installments of $16,091 starting January 1, 2000, including interest at 5.54%, due July, 2024	99,721	-	26,657	73,064	28,134
Note Payable OWDA #3209, payable in 50 semiannual installments of $6,886 starting July 1, 2001, including interest at 6.13%, due January, 2026	58,542	-	10,339	48,203	10,982
Note Payable OWDA #3210, payable in 50 semiannual installments of $6,650 starting July 1, 2001, including interest at 6.13%, due January, 2026	56,535	-	9,984	46,551	10,606
Note Payable OWDA #3230, payable in 50 semiannual installments of $25,851 starting July 1, 2001, including interest at 6.41%, due January, 2026	218,224	-	38,318	179,906	40,814
Note Payable OWDA #3297, payable in 50 semiannual installments of $3,104 starting July 1, 2001, including interest at 6.39%, due January, 2026	26,220	-	4,606	21,614	4,905

NOTE I – CURRENT AND LONG-TERM DEBT – Continued

	Balance 12/31/20	Additions	Reductions	Balance 12/31/21	Due Within One Year
Note Payable OWDA #3874, payable in 50 semiannual installments of $7,864 starting January 1, 2004, including interest at 4.28%, due July, 2028	99,998	-	11,571	88,427	12,071
Note Payable OWDA #3910, payable in 50 semiannual installments of $6,226 starting January 1, 2004, including interest at 4.28%, due July, 2028	79,165	-	9,160	70,005	9,556
Note Payable OWDA #4056, payable in 50 semiannual installments of $22,038 starting January 1, 2005, including interest at 4.16%, due July, 2029	312,864	-	31,383	281,481	32,702
Note Payable OWDA #4279, payable in 50 semiannual installments of $3,182 starting January 1, 2006, including interest at 4.0%, due July, 2030	49,893	-	4,413	45,480	4,591
Note Payable OWDA #4566, payable in 50 semiannual installments of $16,517 starting January 1, 2007, including interest at 4.09%, due July, 2031	279,711	-	21,815	257,896	22,717
Note Payable OWDA #6589, payable in 20 semiannual installments of $48,532 starting July 1, 2015, including interest at 3.82% due January, 2025	356,908	-	84,228	272,680	87,476

NOTE I – CURRENT AND LONG-TERM DEBT – Continued

	Balance 12/31/2020	Additions	Reductions	Balance 12/31/21	Due Within One Year
Note Payable OWDA #8383, payable in 20 semiannual installments of $2,425 starting Jan 1, 2020 including interest at 2.92% due January, 2039	67,532	-	2,899	64,633	2,985
LGIF Loan Payable in quarterly installments of $10,000 starting April 30, 2016 including interest at 0.00% until loan paid off	197,844	-	40,000	157,844	40,000
Ohio Water & Sewer Rotary See additional documentation below	270,013	-	-	270,013	-
USDA Loans	-	1,057,360	-	1,057,360	-
Net Pension Liabilities	157,335	-	39,613	117,722	-
Net OPEB Liabilities	102,351	-	102,351	-	-
Compensated Absences	10,290	4,147	-	14,437	14,437
Totals	**$ 2,681,687**	**$ 1,061,507**	**$ 529,426**	**$ 3,213,768**	**$ 390,023**

Ohio Water and Sewer Rotary Commission (Direct Borrowing) – The District has obtained six loans from the Ohio Water and Sewer Rotary Commission for the construction of water lines. These loans provide funding assistance for that portion of the project for which collections of assessments from certain owners of underdeveloped property located within an agricultural district are exempted pursuant to Section 929.03 of the Ohio Revised Code, subject to the performance of certain terms and conditions of repayment. As part of the agreement, whenever the use of the agricultural land changes, the full amount of the assessment is to be charged for the portion of the property that was exempted under Section 929.03 of the Ohio Revised Code, and repayment is required to be made to the Ohio Water and Sewer Rotary Commission. No amortization schedule is shown for these loans as there is no set repayment schedule. If the loan is not repaid within one year of the land use change, the interest rate will be the 20-bond index rate, as quoted in the latest edition of "The Bond Buyer" minus 4% per annum or 5% per annum, whichever is greater.

Local Government Innovation Fund Loan (Direct Borrowing) – In 2013, the District was approved to receive a Local Government Innovation Fund (LGIF) loan for up to $500,000 at an annual interest rate of 0% for the purpose of the Southwest Regional Waterline Improvement Area Phase 1 construction in conjunction with a match by the District and additional funds provided by the Allen County Commissioners, a LGIF grant, and OWDA Loan #6589. Although the District was approved for the loan in 2013, draws from this loan did not occur until fiscal year 2014 with draws totaling $397,844 at which time the loan was closed. Loan payments began during 2016 with quarterly installments of $10,000 for a total annual payment of $40,000. This debt is anticipated to be repaid in 2025.

NOTE I – CURRENT AND LONG-TERM DEBT – Continued

Long-term debt obligations and the related transactions for the years ended December 31, 2020 and 2019 are summarized below.

	Balance 12/31/19	Additions	Reductions	Balance 12/31/20	Due Within One Year
Note Payable OWDA #2139, payable in 50 semiannual installments of $5,095 starting July 1, 2001, including interest at 5.77%, due January, 2026	51,064	-	7,348	43,716	7,778
Note Payable OWDA #2961, payable in 50 semiannual installments of $6,391 starting January 1, 1996, including interest at 6.72%, due July, 2020	5,990	-	5,990	-	-
Note Payable OWDA #2975, payable in 50 semiannual installments of $29,635 starting January 1, 1997, including interest at 6.72%, due July, 2021	81,569	-	53,789	27,780	27,780
Note Payable OWDA #3129, payable in 50 semiannual installments of $6,106 starting January 1, 1998, including interest at 5.94%, due July, 2023	32,680	-	10,270	22,410	10,880
Note Payable OWDA #3130, payable in 50 semiannual installments of $4,394 starting July 1, 1999, including interest at 6.32%, due January, 2024	30,178	-	6,880	23,298	7,315

NOTE I – CURRENT AND LONG-TERM DEBT – Continued

	Balance 12/31/19	Additions	Reductions	Balance 12/31/20	Due Within One Year
Note Payable OWDA #3131, payable in 50 semiannual installments of $22,602 starting July 1, 1999, including interest at 5.66%, due January, 2024	157,619	-	36,282	121,337	38,336
Note Payable OWDA #3132, payable in 50 semiannual installments of $16,091 starting January 1, 2000, including interest at 5.54%, due July, 2024	124,979	-	25,258	99,721	26,657
Note Payable OWDA #3209, payable in 50 semiannual installments of $6,886 starting July 1, 2001, including interest at 6.13%, due January, 2026	68,275	-	9,733	58,542	10,339
Note Payable OWDA #3210, payable in 50 semiannual installments of $6,650 starting July 1, 2001, including interest at 6.13%, due January, 2026	65,934	-	9,399	56,535	9,984
Note Payable OWDA #3230, payable in 50 semiannual installments of $25,851 starting July 1, 2001, including interest at 6.41%, due January, 2026	254,199	-	35,975	218,224	38,318
Note Payable OWDA #3297, payable in 50 semiannual installments of $3,104 starting July 1, 2001, including interest at 6.39%, due January, 2026	30,545	-	4,325	26,220	4,606

NOTE I – CURRENT AND LONG-TERM DEBT – Continued

	Balance 12/31/19	Additions	Reductions	Balance 12/31/20	Due Within One Year
Note Payable OWDA #3874, payable in 50 semiannual installments of $7,864 starting January 1, 2004, including interest at 4.28%, due July, 2028	111,088	-	11,090	99,998	11,571
Note Payable OWDA #3910, payable in 50 semiannual installments of $6,226 starting January 1, 2004, including interest at 4.28%, due July, 2028	87,945	-	8,780	79,165	9,160
Note Payable OWDA #4056, payable in 50 semiannual installments of $22,038 starting January 1, 2005, including interest at 4.16%, due July, 2029	342,981	-	30,117	312,864	31,383
Note Payable OWDA #4279, payable in 50 semiannual installments of $3,182 starting January 1, 2006, including interest at 4.0%, due July, 2030	54,135	-	4,242	49,893	4,413
Note Payable OWDA #4566, payable in 50 semiannual installments of $16,517 starting January 1, 2007, including interest at 4.09%, due July, 2031	300,661	-	20,950	279,711	21,815
Note Payable OWDA #6589, payable in 20 semiannual installments of $48,532 starting July 1, 2015, including interest at 3.82% due January, 2025	438,008	-	81,100	356,908	84,228

NOTE I – CURRENT AND LONG-TERM DEBT – Continued

	Balance 12/31/2019	Additions	Reductions	Balance 12/31/20	Due Within One Year
Note Payable OWDA #8383, payable in 20 semiannual installments of $2,425 starting Jan 1, 2020 including interest at 2.92% due January, 2039	70,348	-	2,816	67,532	2,899
LGIF Loan Payable in quarterly installments of $10,000 starting April 30, 2016 including interest at 0.00% until loan paid off	237,844	-	40,000	197,844	40,000
Ohio Water & Sewer Rotary See additional documentation below	270,013	-	-	270,013	-
Net Pension Liabilities	163,780	-	6,445	157,335	-
Net OPEB Liabilities	72,620	29,731	-	102,351	-
Compensated Absences	6,563	3,727	-	10,290	10,290
Totals	**$ 3,059,018**	**$ 33,458**	**$ 410,789**	**$ 2,681,687**	**$ 397,752**

During fiscal year 2021, the District entered into two loan agreements with the United States Department of Agriculture-Rural Development to assist in financing the East Regional Waterline project. The first loan agreement provides for a loan of $2,680,000 at a 1.75% interest rate to be paid back over a 40-year period. The second loan agreement provides for a loan of $1,258,000 at a 1.75% interest rate to be paid back over a 40-year period. Since the loans hadn't been fully disbursed as of December 31, 2021, no final amortization schedule has been provided or included in the amortization schedules of the District.

Future principal and interest payments on all OWDA loans and the LGIF loan are as follows:

Year Ending	OWDA Loans			LGIF Loan		
December 30,	Principal	Interest	Total	Principal	Interest	Total
2022	335,585	71,541	407,126	40,000	-	40,000
2023	339,729	55,186	394,915	40,000	-	40,000
2024	286,854	37,977	324,831	40,000	-	40,000
2025	186,517	25,157	211,674	37,844	-	37,844
2026	99,618	16,886	116,504	-	-	-
2027-2031	317,578	30,064	347,642	-	-	-
2032-2036	21,151	3,102	24,253	-	-	-
2037-2038	9,355	345	9,700	-	-	-
Total	$ 1,596,387	$ 240,258	$ 1,836,645	$ 157,844	$ -	$ 157,844

NOTE I – CURRENT AND LONG-TERM DEBT – Continued

In connection with the OWDA loans which are all considered direct borrowings, the District has pledged future revenues to repay this debt. The loans are payable through their final maturities solely from operating and certain nonoperating revenues received during the course of business. Revenues available for these loans for 2021 and 2020 were $768,494 and $570,277, respectively. Principal and interest payments totaled $436,752 and $472,790 for the years 2021 and 2020 (includes interest subsidy amounts), respectively. The coverage ratios for these loans were 1.76 and 1.21 for the years ended December 31, 2021 and 2020, respectively. The OWDA loans contain provisions that in an event of default, (1) the amount of such default shall bear interest at the default rate from the due date until the date of payment, (2) if any of the charges have not been paid within thirty days, in addition to the interest calculated at the default rate, a late charge of 1 percent on the amount of each default shall also be paid to OWDA, and (3) for each additional thirty days during which the charges remain unpaid, the District shall continue to pay an additional late charge of 1 percent on the amount of the default until such charges are paid.

On February 18, 2016, the District was notified by the Ohio Water Development District (OWDA) that they had implemented an interest rate buy-down program to assist communities and local governments with outstanding OWDA loans. Any District OWDA loans with interest rates exceeding 4.00% will see a reduction of the interest rate to 4.00%. The buy-down was credited to District payments starting with the July 1, 2016 due dates and resulted in an interest subsidy in 2021 which was treated as both a non-operating revenue (Intergovernmental Revenue) and a non-operating expense (Interest Expense) in the accompanying financial statements. The District will receive an estimated $27,203 of additional interest subsidies through 2031 in the following amounts annually:

	2022	11,277
	2023	7,900
	2024	4,562
	2025	2,220
	2026	519
	2027	360
	2028	194
	2029	128
	2030	36
	2031	7
Total		$27,203

NOTE J – DEFINED BENEFIT PENSION PLANS

The Statewide retirement systems provide both pension benefits and other postemployment benefits (OPEB).

Net Pension Liability/Net OPEB Liability (Asset)

Pensions and OPEB are a component of exchange transactions-–between an employer and its employees—of salaries and benefits for employee services. Pensions are provided to an employee—on a deferred-payment basis—as part of the total compensation package offered by an employer for employee services each financial period.

The net pension liability and the net OPEB liability (asset) represent the District's proportionate share of each pension/OPEB plan's collective actuarial present value of projected benefit payments attributable to past periods of service, net of each pension/OPEB plan's fiduciary net position. The net pension/OPEB liability (asset) calculation is dependent on critical long-term variables, including estimated average life expectancies, earnings on investments, cost of living adjustments and others. While these estimates use the best information available, unknowable future events require adjusting this estimate annually.

Ohio Revised Code limits the District's obligation for this liability to annually required payments. The District cannot control benefit terms or the manner in which pensions are financed; however, the District does receive the benefit of employees' services in exchange for compensation including pension and OPEB.

GASB 68/75 assumes the liability is solely the obligation of the employer, because (1) they benefit from employee services; and (2) State statute requires funding to come from these employers. All pension contributions to date have come solely from these employers (which also includes pension costs paid in the form of withholdings from employees). The retirement systems may allocate a portion of the employer contributions to provide for these OPEB benefits. In addition, health care plan enrollees pay a portion of the health care costs in the form of a monthly premium. State statute requires the retirement systems to amortize unfunded pension liabilities within 30 years. If the pension amortization period exceeds 30 years, each retirement system's board must propose corrective action to the State legislature. Any resulting legislative change to benefits or funding could significantly affect the net pension/OPEB liability. Resulting adjustments to the net pension/OPEB liability (asset) would be effective when the changes are legally enforceable. The Ohio revised Code permits but does not require the retirement systems to provide healthcare to eligible benefit recipients.

The proportionate share of each plan's unfunded benefits is presented as a net pension/OPEB asset or long-term net pension/OPEB liability on the accrual basis in the accompanying financial statements. Any liability for the contractually required pension/OPEB contribution outstanding at the end of the year is included as an intergovernmental payable on the accrual basis of accounting.

The remainder of this note includes the pension disclosures. See Note K for the OPEB disclosures.

Plan Description – Ohio Public Employees Retirement System (OPERS)

The District participates in the Ohio Public Employees Retirement System (OPERS). OPERS administers three separate pension plans. The traditional plan is a cost-sharing, multiple-employer defined benefit pension plan. The member-directed plan is a defined contribution plan in which the member invests both member and employer contributions (employer contributions vest over five years at 20 percent per year). Under the member-directed plan, members accumulate retirement assets equal to the value of the member and vested employer contributions plus any investment earnings. The combined plan is a cost-sharing, multiple-employer defined benefit pension plan that has elements of both a defined benefit and a defined contribution plan. Under the combined plan, OPERS invests employer contributions to provide a formula retirement benefit similar in nature to, but less than, the Traditional Pension Plan benefit. Member contributions, whose investment is self-directed by the member, accumulate retirement assets in a manner similar to the member-directed plan.

NOTE J – DEFINED BENEFIT PENSION PLANS - Continued

Plan Description – Ohio Public Employees Retirement System (OPERS) - Continued

OPERS provides retirement, disability, survivor and death benefits and annual cost-of-living adjustments to members of the traditional and combined plans. District to establish and amend benefits is provided by Chapter 145 of the Ohio Revised Code. OPERS issues a stand-alone financial report that may be obtained by visiting https://www.opers.org/financial/reports.shtml, by writing to OPERS, 277 East Town Street, Columbus, OH 43215-4642, or by calling (614) 222-5601 or 800-222-7377.

Senate Bill (SB) 343 was enacted into law with an effective date of January 7, 2013. In the legislation, members were categorized into three groups with varying provisions of the law applicable to each group. The following table provides age and service requirements for retirement and the retirement formula applied to final average salary (FAS) for the three member groups under the traditional plan as per the reduced benefits adopted by SB 343 (see OPERS' CAFR referenced above for additional information):

Group A Eligible to retire prior to January 7, 2013 or five years after January 7, 2013	**Group B** 20 years of service credit prior to January 7, 2013 or eligible to retire ten years after January 7, 2013	**Group C** Members not in other Groups and members hired on or after January 7, 2013
State and Local	**State and Local**	**State and Local**
Age and Service Requirements: Age 60 with 60 months of service credit or Age 55 with 25 years of service credit	**Age and Service Requirements:** Age 60 with 60 months of service credit or Age 55 with 25 years of service credit	**Age and Service Requirements:** Age 57 with 25 years of service credit or Age 62 with 5 years of service credit
Traditional Plan Formula: 2.2% of FAS multiplied by years of service for the first 30 years and 2.5% for service years in excess of 30	**Traditional Plan Formula:** 2.2% of FAS multiplied by years of service for the first 30 years and 2.5% for service years in excess of 30	**Traditional Plan Formula:** 2.2% of FAS multiplied by years of service for the first 35 years and 2.5% for service years in excess of 35
Combined Plan Formula: 1% of FAS multiplied by years of service for the first 30 years and 1.25% for service years in excess of 30	**Combined Plan Formula:** 1% of FAS multiplied by years of service for the first 30 years and 1.25% for service years in excess of 30	**Combined Plan Formula:** 1% of FAS multiplied by years of service for the first 35 years and 1.25% for service years in excess of 35

Final average Salary (FAS) represents the average of the three highest years of earnings over a member's career for Groups A and B. Group C is based on the average of the five highest years of earnings over a member's career. Members who retire before meeting the age and years of service credit requirement for unreduced benefits receive a percentage reduction in the benefit amount. When a benefit recipient has received benefits for 12 months, an annual cost of living adjustment (COLA) is provided. This COLA is calculated on the base retirement benefit at the date of retirement and is not compounded. For those retiring prior to January 7, 2013, the COLA will continue to be a 3 percent simple annual COLA. For those retiring subsequent to January 7, 2013, beginning in calendar year 2020, the COLA will be based on the average percentage increase in the Consumer Price Index, capped at 3 percent.

Defined contribution plan benefits are established in the plan documents, which may be amended by the Board. Member-directed plan and combined plan members who have met the retirement eligibility requirements may apply for retirement benefits. The amount available for defined contribution benefits in the combined plan consists of the member's contributions plus or minus the investment gains or losses resulting from the member's investment selections. Combined plan members wishing to receive benefits must meet the requirements for both the defined benefit and defined contribution plans. Member-directed participants must have attained the age of 55, have money on deposit in the defined contribution plan and have terminated public service to apply for retirement benefits. The amount available for defined contribution benefits in the member-directed plan consists of the members' contributions, vested employer contributions and investment gains or losses resulting from the members' investment selections. Employer contributions and associated investment earnings vest over a five-year period, at a rate of 20 percent each

NOTE J – DEFINED BENEFIT PENSION PLANS - Continued

Plan Description – Ohio Public Employees Retirement System (OPERS) - Continued

year. At retirement, members may select one of several distribution options for payment of the vested balance in their individual OPERS accounts. Options include the annuitization of their benefit (which includes joint and survivor options), partial lump-sum payments (subject to limitations), a rollover of the vested account balance to another financial institution, receipt of entire account balance, net of taxes withheld, or a combination of these options.

Beginning in 2022, the Combined Plan will be consolidated under the Traditional Pension Plan (defined benefit plan) and the Combined Plan option will no longer be available for new hires beginning in 2022.

Funding Policy - The Ohio Revised Code (ORC) provides statutory authority for member and employer contributions as follows:

	Local
2021 Statutory Maximum Contribution Rates	
Employer	14.0 %
Employee *	10.0 %
2021 Actual Contribution Rates	
Employer:	
Pension **	14.0 %
Post-employment Health Care Benefits **	0.0
Total Employer	14.0 %
Employee	10.0 %

* Member contributions within the combined plan are not used to fund the defined benefit retirement allowance.

** These pension and employer health care rates are for the traditional and combined plans. The employer contributions rate for the member-directed plan is allocated 4 percent for health care with the remainder going to pension.

The District's contractually required contribution to OPERS was $17,098 for fiscal year 2021 and $15,670 for 2020 respectively, of which the entire amount was paid during 2021 and 2020.

Net Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

The net pension liability reported as of December 31, 2021 was measured as of December 31, 2020, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The District's proportion of the net pension liability was based on the District's share of contributions to the pension plan relative to the projected contributions of all participating entities.

NOTE J – DEFINED BENEFIT PENSION PLANS - Continued

Net Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions – Continued

Following is information related to the proportionate share and pension expense:

	2021 OPERS	2020 OPERS
Proportionate Share of the Net Pension Liability - Current Year	0.000795%	0.000796%
Proportionate Share of the Net Pension Liability - Prior Year	0.000796%	0.000598%
Change in Proportionate Share	-0.000001%	0.000198%
Proportion of the Net Pension Liability	$117,722	$157,335
Pension Expense	$26,255	$64,862

At December 31, 2021 and 2020, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	2021 OPERS	2020 OPERS
Deferred Outflows of Resources		
Changes in assumptions	-	8,404
Changes in proportion	9,317	33,537
District contributions subsequent to the measurement date	17,098	15,670
Total	$ 26,415	$ 57,611
Deferred Inflows of Resources		
Differences between projected and actual economic experience	$ 4,925	$ 1,989
Differences between projected and actual investment earnings	45,885	31,385
Changes in proportion	138	-
Total	$ 50,948	$ 33,374

$17,098 reported as deferred outflows of resources related to pension resulting from District contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ending December 31, 2022. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pension will be recognized in pension expense as follows:

Year Ending December 31:	OPERS
2022	($10,145)
2023	(6,524)
2024	(18,704)
2025	(6,258)
Total	($41,631)

NOTE J – DEFINED BENEFIT PENSION PLANS -Continued

Actuarial Assumptions - OPERS

Actuarial valuations of an ongoing plan involve estimates of the values of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality, and cost trends. Actuarially determined amounts are subject to continual review or modification as actual results are compared with past expectations and new estimates are made about the future.

Projections of benefits for financial-reporting purposes are based on the substantive plan (the plan as understood by the employers and plan members) and include the types of benefits provided at the time of each valuation. The total pension liability was determined by an actuarial valuation as of December 31, 2020, using the following actuarial assumptions and methods applied to all prior periods included in the measurement in accordance with the requirements of GASB 67. Key methods and assumptions used in the latest actuarial valuation, reflecting experience study results, prepared as of December 31, 2020, are presented below for the OPERS Traditional Plan.

Wage Inflation	3.25 percent
Future Salary Increases, including inflation	3.25 to 10.75 percent including wage inflation at 3.25 percent
COLA or Ad Hoc COLA:	
Pre-January 7, 2013 Retirees	3 percent, simple
Post-January 7, 2013 Retirees	.5 percent, simple through 2021, then 2.15 percent, simple
Investment Rate of Return	7.2 percent
Actuarial Cost Method	Individual Entry Age

In October 2020, the OPERS Board adopted a change in COLA for Post-January 7, 2013 retirees, changing it from 1.4 percent simple through 2020, then 2.15 percent simple to .5 percent simple through 2021, then 2.15 percent simple.

Pre-retirement mortality rates are based on the RP-2014 Employees mortality table for males and females, adjusted for mortality improvement back to the observation period base year of 2006. The base year for males and females was then established to be 2015 and 2010, respectively. Post-retirement mortality rates are based on the RP-2014 Healthy Annuitant mortality table for males and females, adjusted for mortality improvement back to the observation period base year of 2006. The base year for males and females was then established to be 2015 and 2010, respectively. Post-retirement mortality rates for disabled retirees are based on the RP-2014 Disabled mortality table for males and females, adjusted for mortality improvement back to the observation period base year of 2006. The base year for males and females was then established to be 2015 and 2010, respectively. Mortality rates for a particular calendar year are determined by applying the MP-2015 mortality improvement scale to all of the above described tables. The most recent experience study was completed for the five-year period ended December 31, 2015.

The long-term rate of return on defined benefit investment assets was determined using a building-block method in which best-estimate ranges of expected future real rates of return are developed for each major asset class. These ranges are combined to produce the long-term expected real rate of return by weighting the expected future real rates of return by the target asset allocation percentage, adjusted for inflation.

During 2020, OPERS managed investments in three investment portfolios: the Defined Benefit portfolio, the Health Care portfolio and the Defined Contribution portfolio. The Defined Benefit portfolio contains the investment assets of the Traditional Pension Plan, the defined benefit component of the Combined Plan and the annuitized accounts of the Member-Directed Plan. Within the Defined Benefit portfolio, contributions into the plans are all recorded at the same time, and benefit payments all occur on the first of the month. Accordingly, the money-weighted rate of return is considered to be the same for all plans within the portfolio. The annual money-weighted rate of return expressing investment performance, net of investment expenses and adjusted for the changing amounts actually invested, for the Defined Benefit portfolio was 17.2% for 2020.

NOTE J – DEFINED BENEFIT PENSION PLANS -Continued

Actuarial Assumptions – OPERS - Continued

The allocation of investment assets with the Defined Benefit portfolio is approved by the Board of Trustees as outlined in the annual investment plan. Plan assets are managed on a total return basis with a long-term objective of achieving and maintaining a fully funded status for the benefits provided through the defined benefit pension plans. The long-term expected rate of return on defined benefit investment assets was determined using a building-block method in which best-estimate ranges of expected future real rates of return are developed for each major asset class. These ranges are combined to produce the long-term expected real rate of return by weighting the expected future real rates of return by the target asset allocation percentage, adjusted for inflation. Best estimates of arithmetic real rates of return were provided by the Board's investment consultant. For each major asset class that is included in the Defined Benefit portfolio's target asset allocation as of December 31, 2020, these best estimates are summarized in the following table:

Asset Class	Target Allocation	Weighted Average Long-Term Expected Real Rate of Return (Arithmetic)
Fixed Income	25.00 %	1.32 %
Domestic Equities	21.00	5.64
Real Estate	10.00	5.39
Private Equity	12.00	10.42
International Equities	23.00	7.36
Other investments	9.00	4.75
Total	100.00 %	5.43 %

Discount Rate The discount rate used to measure the total pension liability was 7.2% for the Traditional Pension Plan and the Combined Plan. The projection of cash flows used to determine the discount rate assumed that contributions from plan members and those of the contributing employers are made at the contractually required rates, as actuarially determined. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Sensitivity of the District's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate
The following table presents the District proportionate share of the net pension liability calculated using the current period discount rate assumption of 7.2 percent, as well as what the District's proportionate share of the net pension liability would be if it were calculated using a discount rate that is one-percentage-point lower (6.2 percent) or one-percentage-point higher (8.2 percent) than the current rate:

	1% Decrease (6.20%)	Current Discount Rate (7.20%)	1% Increase (8.20%)
District's proportionate share of the net pension liability	$224,556	$117,722	$28,890

NOTE K - DEFINED BENEFIT OPEB PLANS

See Note J for a description of the net OPEB liability/asset.

Ohio Public Employees Retirement System

Plan Description - The Ohio Public Employees Retirement System (OPERS) administers three separate pension plans: the traditional pension plan, a cost-sharing, multiple-employer defined benefit pension plan; the member-directed plan, a defined contribution plan; and the combined plan, a cost-sharing, multiple-employer defined benefit pension plan that has elements of both a defined benefit and defined contribution plan.

OPERS maintains a cost-sharing, multiple-employer defined benefit post-employment health care trust, which funds multiple health care plans including medical coverage, prescription drug coverage and deposits to a Health Reimbursement Arrangement to qualifying benefit recipients of both the traditional pension and the combined plans. This trust is also used to fund health care for member-directed plan participants, in the form of a Retiree Medical Account (RMA). At retirement or refund, member directed plan participants may be eligible for reimbursement of qualified medical expenses from their vested RMA balance.

In order to qualify for postemployment health care coverage, age and service retirees under the traditional pension and combined plans must have twenty or more years of qualifying Ohio service credit. Health care coverage for disability benefit recipients and qualified survivor benefit recipients is available. The health care coverage provided by OPERS meets the definition of an Other Post Employment Benefit (OPEB) as described in GASB Statement 75. See OPERS' ACFR referenced below for additional information.

The Ohio Revised Code permits, but does not require OPERS to provide health care to its eligible benefit recipients. Authority to establish and amend health care coverage is provided to the Board in Chapter 145 of the Ohio Revised Code.

Disclosures for the health care plan are presented separately in the OPERS financial report. Interested parties may obtain a copy by visiting https://www.opers.org/financial/reports.shtml, by writing to OPERS, 277 East Town Street, Columbus, Ohio 43215-4642, or by calling (614) 222-5601 or 800-222-7377.

Funding Policy - The Ohio Revised Code provides the statutory authority requiring public employers to fund postemployment health care through their contributions to OPERS. When funding is approved by OPERS' Board of Trustees, a portion of each employer's contribution to OPERS is set aside to fund OPERS health care plans. Health care is not being funded.

Employer contribution rates are expressed as a percentage of the earnable salary of active members. In 2021, state and local employers contributed at a rate of 14.0 percent of earnable salary and public safety and law enforcement employers contributed at 18.1 percent. These are the maximum employer contribution rates permitted by the Ohio Revised Code. Active member contributions do not fund health care.

Each year, the OPERS Board determines the portion of the employer contribution rate that will be set aside to fund health care plans. The portion of employer contributions allocated to health care for members in the Traditional Pension Plan and Combined Plan was 0 percent during calendar year 2021. As recommended by OPERS' actuary, the portion of employer contributions allocated to health care beginning January 1, 2021 is 0 percent for both plans. The OPERS Board is also authorized to establish rules for the retiree or their surviving beneficiaries to pay a portion of the health care provided. Payment amounts vary depending on the number of covered dependents and the coverage selected. The employer contribution as a percentage of covered payroll deposited into the RMA for participants in the Member-Directed Plan for 2021 was 4.0 percent. Employer contribution rates are actuarially determined and are expressed as a percentage of covered payroll. The District's contractually required contribution was $0 for 2021.

NOTE K - DEFINED BENEFIT OPEB PLANS – Continued

Net Other Post Employment Benefit OPEB Liability (Asset), OPEB Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB Liability (Asset)

The net OPEB liability (asset) and total OPEB liability for OPERS were determined by an actuarial valuation as of December 31, 2019, rolled forward to the measurement date of December 31, 2020, by incorporating the expected value of health care cost accruals, the actual health care payment, and interest accruals during the year. for the defined benefit health care plans. In accordance with GASB Statement No. 75 (GASB 75), Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions, the Member-Directed Plan health care is a defined benefit health care plan, although the pension plan is defined contribution. Interest of 4% is credited to member accounts as long as the Health Care portfolio earns a positive return. The District's proportion of the net OPEB liability (asset) was based on the District's share of contributions to the retirement plan relative to the contributions of all participating entities. Following is information related to the proportionate share and OPEB expense (gain):

	2021 OPERS	2020 OPERS
Proportionate Share of the Net OPEB Liability (Asset) - Current Year	0.000740%	0.000741%
Proportionate Share of the Net OPEB Liability (Asset) - Prior Year	0.000741%	0.000557%
Change in Proportionate Share	-0.000001%	0.000184%
Proportion of the Net OPEB Liability (Asset)	($13,184)	$102,351
OPEB Expense (Gain)	($67,005)	$26,514

At December 31, 2021 and 2020, the District reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

Deferred Outflows of Resources	2021 OPERS	2020 OPERS
Differences between expected and actual economic experience	$ -	$ 3
Changes of assumptions	6,481	16,202
Change in proportions	5,817	18,828
Total	$ 12,298	$ 35,033
Deferred Inflows of Resources	**OPERS**	**OPERS**
Differences between expected and actual economic experience	$ (11,898)	$ (9,360)
Differences between projected and actual investment earnings	(7,023)	(5,212)
Changes of assumptions	(21,362)	-
District contributions subsequent to the measurement date	(84)	-
Total	$ (40,367)	$ (14,572)

There were no deferred outflows of resources related to OPEB resulting from District contributions subsequent to the measurement date since none were made subsequent to the measurement date.

NOTE K - DEFINED BENEFIT OPEB PLANS - Continued

Net Other Post Employment Benefit (OPEB) Liability (Asset), OPEB Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB Liability (Asset) - Continued

Amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

	OPERS
Fiscal Year Ending December:	
2022	(11,882)
2023	(12,307)
2024	(3,051)
2025	(829)
	$(28,069)

Actuarial Assumptions - OPERS

Actuarial valuations of an ongoing plan involve estimates of the values of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality, and cost trends. Actuarially determined amounts are subject to continual review or modification as actual results are compared with past expectations and new estimates are made about the future.

Projections of benefits for financial reporting purposes are based on the substantive plan and include the types of coverage provided at the time of each valuation and the historical pattern of sharing of costs between OPERS and plan members. The total OPEB liability was determined by an actuarial valuation as of December 31, 2019, rolled forward to the measurement date of December 31, 2020.

The actuarial valuation used the following actuarial assumptions applied to all prior periods included in the measurement in accordance with the requirements of GASB 74:

Wage Inflation	3.25 percent
Projected Salary Increases,	3.25 to 10.75 percent
including inflation	including wage inflation
Single Discount Rate:	
Current measurement date	6.00 percent
Prior Measurement date	3.16 percent
Investment Rate of Return	6.00 percent
Municipal Bond Rate	
Current measurement date	2.00 percent
Prior Measurement date	2.75 percent
Health Care Cost Trend Rate	
Current measurement date	8.5 percent, initial
	3.50 percent, ultimate in 2035
Prior Measurement date	10.5 percent, initial
	3.25 percent, ultimate in 2030
Actuarial Cost Method	Individual Entry Age

Pre-retirement mortality rates are based on the RP-2014 Employees mortality table for males and females, adjusted for mortality improvement back to the observation period base year of 2006. The base year for males and females was then established to be 2015 and 2010, respectively. Post-retirement mortality rates are based on the RP-2014 Healthy Annuitant mortality table for males and females, adjusted for mortality improvement back to the observation period base year of 2006. The base year for males and females was then established to be 2015 and 2010, respectively. Post-retirement mortality rates for disabled retirees are based on the RP-2014 Disabled mortality table for males and females, adjusted for mortality improvement back to the observation period base year of 2006. The base year for males and females was then established to be 2015 and 2010, respectively. Mortality rates for a particular calendar year are determined by applying the MP-2015 mortality improvement scale to all of the above described tables. The most recent experience study was completed for the five year period ended December 31, 2015.

NOTE K - DEFINED BENEFIT OPEB PLANS - Continued

Actuarial Assumptions – OPERS - Continued

The long-term expected rate of return on health care investment assets was determined using a building-block method in which best-estimate ranges of expected future real rates of return are developed for each major asset class. These ranges are combined to produce the long-term expected real rate of return by weighting the expected future real rates of return by the target asset allocation percentage, adjusted for inflation.

During 2020, OPERS managed investments in three investment portfolios: the Defined Benefit portfolio, the Health Care portfolio and the Defined Contribution portfolio. The Health Care portfolio includes the assets for health care expenses for the Traditional Pension Plan, Combined Plan and Member-Directed Plan eligible members. Within the Health Care portfolio, if any contribution are made into the plans, the contributions are assumed to be received continuously throughout the year based on the actual payroll payable at the time contributions are made. Health care-related payments are assumed to occur mid-year. Accordingly, the money-weighted rate of return is considered to be the same for all plans within the portfolio. The annual money-weighted rate of return expressing investment performance, net of investment expenses and adjusted for the changing amounts actually invested, for the Health Care portfolio was 19.7 percent for 2020.

The allocation of investment assets within the Health Care portfolio is approved by the Board of Trustees as outlined in the annual investment plan. Assets are managed on a total return basis with a long-term objective of continuing to offer a sustainable health care program for current and future retirees. OPERS' primary goal is to achieve and maintain a fully funded status for the benefits provided through the defined pension plans. Health care is a discretionary benefit. The long-term expected rate of return on health care investment assets was determined using a building-block method in which best-estimate ranges of expected future real rates of return are developed for each major asset class. These ranges are combined to produce the long-term expected real rate of return by weighting the expected future real rates of return by the target asset allocation percentage, adjusted for inflation. For each major asset class that is included in the Health Care's portfolio's target asset allocation as of December 31, 2020, these best estimates are summarized in the following table:

Asset Class	Target Allocation	Weighted Average Long-Term Expected Real Rate of Return (Arithmetic)
Fixed Income	34.00 %	1.07 %
Domestic Equities	25.00	5.64
Real Estate Investment Trust	7.00	6.48
International Equities	25.00	7.36
Other investments	9.00	4.02
Total	100.00 %	4.43 %

Discount Rate A single discount rate of 6.00 percent was used to measure the OPEB liability on the measurement date of December 31, 2020. A single discount rate of 3.16 percent was used to measure the OPEB liability on the measurement date of December 31, 2019. Projected benefit payments are required to be discounted to their actuarial present value using a single discount rate that reflects (1) a long-term expected rate of return on OPEB plan investments (to the extent that the health care fiduciary net position is projected to be sufficient to pay benefits), and (2) tax-exempt municipal bond rate based on an index of 20-year general obligation bonds with an average AA credit rating as of the measurement date (to the extent that the contributions for use with the long-term expected rate are not met). This single discount rate was based on an expected rate of return on the health care investment portfolio of 6.00 percent and a municipal bond rate of 2.00 percent (Fidelity Index's "20-Year Municipal GO AA Index") for the year ended December 31, 2020. This single discount rate was based on an expected rate of return on the health care investment portfolio of 3.16 percent and a municipal bond rate of 2.75 percent for the year ended December 31, 2019. The projection of cash flows used to determine this single discount rate assumed that employer contributions will be

NOTE K - DEFINED BENEFIT OPEB PLANS - Continued

made at rates equal to the actuarially determined contribution rate. Based on these assumptions, the health care fiduciary net position and future contributions were sufficient to finance health care costs through 2120. As a result, the actuarial assumed long-term expected rate of return on health care investments was applied to projected costs through the year 2120, the duration of the projection period through which projected health care payments are fully funded.

Sensitivity of the District's Proportionate Share of the Net OPEB Liability (Asset) to Changes in the Discount Rate and Changes in the Health Care Cost Trend Rates
The following table presents the District's proportionate share of the net OPEB liability (asset) calculated using the single discount rate of 6.00 percent, as well as what the District's proportionate share of the net OPEB liability (asset) would be if it were calculated using a discount rate that is one-percentage-point lower (5.00 percent) or one-percentage-point higher (7.00 percent) than the current rate:

	1% Decrease (5.00%)	Current Discount Rate (6.00%)	1% Increase (7.00%)
District's proportionate share of the net OPEB liability (asset)	($3,278)	($13,184)	($21,327)

Sensitivity of the District's Proportionate Share of the Net OPEB Liability (Asset) to Changes in the Health Care Cost Trend Rate Changes in the health care cost trend rate may also have a significant impact on the net OPEB liability (asset). The following table presents the net OPEB liability (asset) calculated using the assumed trend rates, and the expected net OPEB liability (asset) if it were calculated using a health care cost trend rate that is 1.0 percent lower or 1.0 percent higher than the current rate.

Retiree health care valuations use a health care cost-trend assumption that changes over several years built into the assumption. The near-term rates reflect increases in the current cost of health care; the trend starting in 2021 is 8.50 percent. If this trend continues for future years, the projection indicates that years from now virtually all expenditures will be for health care. A more reasonable alternative is that in the not-too-distant future, the health plan cost trend will decrease to a level at, or near, wage inflation. On this basis, the actuaries project premium rate increases will continue to exceed wage inflation for approximately the next decade, but by less each year, until leveling off at an ultimate rate, assumed to be 3.50 percent in the most recent valuation.

	1% Decrease	Current Trend Rate	1% Increase
District's proportionate share of the net OPEB liability (asset)	($13,505)	($13,184)	($12,824)

Changes between Measurement Date and Reporting Date

On January 15, 2020, the Board approved several changes to the health care plan offered to Medicare and pre-Medicare retirees in efforts to decrease costs and increase the solvency of the health care plan. These changes are effective January 1, 2022, and include changes to base allowances and eligibility for Medicare retirees, as well as replacing OPERS-sponsored medical plans for pre-Medicare retirees with monthly allowances, similar to the program for Medicare retirees. These changes are not reflected in the current year financial statements but are expected to decrease the associated OPEB liability.

NOTE L – CONTINGENT LIABILTIES

The District's general legal counsel is Spitler Huffman, LLP, Rossford, Ohio.

Pending or Threatened Litigation – During the years ended December 31, 2021 and 2020, the District had no pending contingent liabilities of which management is aware.

Contractually Assumed Obligations – To Counsel's knowledge, the District has assumed contractual obligations only with regard to the financing of its planning and construction activities for the construction of water systems. No claim against these contractual obligations has been made or is anticipated that would result in an unfavorable outcome to the District.

Claims and Assessments – To Counsel's knowledge, there are no unasserted claims and/or assessments which, if asserted, would have a reasonable possibility of an unfavorable outcome with a material effect upon the financial condition of the District.

NOTE M – COVID-19

The United States and the State of Ohio declared a state of emergency in March of 2020 due to the COVID-19 pandemic. Ohio's state of emergency ended in June, 2021 while the national state of emergency continues. The impact on the District's future operating costs, revenues, and recovery from emergency funding (if any), either federal or state, cannot be estimated. During fiscal years 2021 and 2020, the District did not receive any COVID-19 funding. The financial impact of COVID-19 and the continuing emergency measures may impact subsequent periods of the District

NOTE N – CONTRACTUAL AGREEMENT WITH ALLEN COUNTY

On September 1, 2020, Allen Water District entered into an assignment and assumption agreement with Allen County to facilitate comprehensive water distribution services to Allen County and the surrounding area, excluding any areas served by incorporated municipalities. The agreement provided that effective for services provided in 2021, Allen Water District receives revenues generated from service charges to customers who were previously served by Allen County and the District provides services to these customers and will manage operations for these water customers. The District is responsible for ongoing maintenance of the infrastructure and places a portion of the revenues generated from these customers into a separate fund to be used for capital improvements to the system. A portion of the revenues generated from these customers are used for ongoing administrative expenses of the District. The District has recorded all of the transfer of assets and related transactions in the 2021 financial statements. The District recorded the assignment of the assets (water lines) at estimated acquisition value in the financial statement account entitled capital contributions – donated and assigned lines in the accompanying financial statements. The amount recorded for the assigned lines was $10,629,010. The County appointed three additional members to the Allen Water District Board as a result of this agreement.

NOTE O – CONTRACTUAL COMMITMENTS

The District has several significant contracts outstanding as of December 31, 2021 which are denoted below.

Project	Contractor	Contract Amount	Amount Expended 12/31/21	Remaining Balance
East Regional Waterline-Contract A	Underground Utilities	$3,531,647	$1,531,637	$2,000,010
East Regional Waterline-Contract B	Underground Utilities	$3,681,034	$1,057,955	$2,623,079
East Regional Waterline-Contract C	Maguire Iron, Inc.	$1,889,100	$672,370	$1,216,730
East Regional Waterline-Various	Prime AE	$1,115,658	$855,172	$260,486

NOTE P – ASSET RETIREMENT OBLIGATION

Ohio Revised Code Section 6111.44 requires the District to submit any changes to their water system to the Ohio EPA for approval. Through this review process, the District would be responsible to address any public safety issues associated with their water treatment facilities. Any ARO associated with these public safety issues are not reasonably estimable. Currently, there is significant uncertainty as to what public safety items would need addressed; therefore, a reliable estimated amount could not be determined.

REQUIRED SUPPLEMENTARY INFORMATION

Allen Water District

Required Supplementary Information

Schedule of the Districts's Proportionate Share of the Net Pension Liability

Ohio Public Employees Retirement System

Last Eight' Years (1)

	2021	2020	2019	2018	2017	2016	2015	2014
District's proportion of the net pension liability	0.000795%	0.000796%	0.000598%	0.000460%	0.000148%	0.000149%	0.000139%	0.000139%
District's proportionate share of the net pension liability	$ 117,722	$ 157,335	$ 163,780	$ 72,165	$ 33,608	$ 25,809	$ 16,765	$ 16,386
District's covered-employee payroll	$ 111,929	$ 98,479	$ 80,786	$ 59,346	$ 19,125	$ 52,200	$ 51,225	$ 52,762
District's proportionate share of the net pension liability as a percentage of its covered-employee payroll	105.18%	159.77%	202.73%	121.60%	175.73%	49.44%	32.73%	31.06%
Plan fiduciary net position as a percentage of the total pension liability	86.88%	82.17%	74.70%	84.66%	77.25%	81.10%	86.50%	86.40%

(1) Information prior to 2014 is not available.
Amounts presented as of the District's measurement date which is the prior year.

See notes to accompanying required supplementary information.

Allen Water District

Required Supplementary Information

Schedule of the District's Pension Contributions

Ohio Public Employees Retirement System

Last Ten Years

	2021	2020	2019	2018	2017	2016	2015	2014	2013	2012
Contractually required contribution	$ 17,098	$ 15,670	$ 13,787	$ 11,310	$ 7,715	$ 2,295	$ 6,264	$ 6,147	$ 6,859	$ 6,119
Contributions in relation to the contractually required contribution	(17,098)	(15,670)	(13,787)	(11,310)	(7,715)	(2,295)	(6,264)	(6,147)	(6,859)	(6,119)
Contribution deficiency (excess)	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
District's covered-employee payroll	$ 122,129	$ 111,929	$ 98,479	$ 80,786	$ 59,346	$ 19,125	$ 52,200	$ 51,225	$ 52,762	$ 61,190
Contributions as a percentage of covered employee payroll	14.00%	14.00%	14.00%	14.00%	13.00%	12.00%	12.00%	12.00%	13.00%	10.00%

See notes to accompanying required supplementary information.

Allen Water District
Required Supplementary Information
Schedule of the District's Proportionate Share of the Net OPEB Liability (Asset)
Ohio Public Employees Retirement System
Last Five Years (1)

	2021	**2020**	**2019**	**2018**	**2017**
District's proportion of the net OPEB liability (asset)	0.00074000%	0.00074100%	0.00055700%	0.00043000%	0.00036000%
District's proportionate share of the net OPEB liability (asset)	$ (13,184)	$ 102,351	$ 72,620	$ 46,695	$ 36,361
District's covered-employee payroll	$ 111,929	$ 98,479	$ 80,786	$ 59,346	$ 19,125
District's proportionate share of the net OPEB liability (asset) as a percentage of its covered-employee payroll	-11.78%	103.93%	89.89%	78.68%	190.12%
Plan fiduciary net position as a percentage of the total OPEB liability	115.57%	47.80%	46.33%	54.14%	54.05%

(1) Information prior to 2017 is not available.
Amounts presented as of the District's measurement
date which is the prior fiscal year.

See notes to accompanying required supplementary information.

Allen Water District

Required Supplementary Information

Schedule of the District's OPEB Contributions

Ohio Public Employees Retirement System

Last Six Years (1)

	2021	2020	2019	2018	2017	2016
Contractually required contribution	$ -	$ -	$ -	$ -	$ 593	$ 1,620
Contributions in relation to the contractually required contribution	-	-	-	-	(593)	(1,620)
Contribution deficiency (excess)	$ -	$ -	$ -	$ -	$ -	$ -
District covered-employee payroll	$ 122,129	$ 111,929	$ 98,479	$ 80,786	$ 59,346	$ 19,125
Contributions as a percentage of covered-employee payroll	0.00%	0.00%	0.00%	0.00%	1.00%	8.50%

(1) Information prior to 2016 is not available.

See notes to accompanying required supplementary information.

OHIO PUBLIC EMPLOYEES RETIREMENT SYSTEM (OPERS)

Net Pension Liability

Changes in benefit terms:

There were no changes in benefit terms for 2015 through 2017.

For 2018, COLAs provided up to December 31, 2018 will be based upon a simple, 3 percent COLA. COLAs provided after December 31, 2018 continue to be simple, but will be based upon the annual percentage change in the Consumer Price Index (CPI), and not greater than 3 percent.

There were no significant changes in benefit terms for 2019 or 2020.

For 2021, in October 2020, the OPERS Board adopted a change in COLA for Post-January 7, 2013 retirees, changing it from 1.4 percent simple through 2020 then 2.15 simple to .5 percent simple through 2021 then 2.15 percent simple.

Changes in assumptions:

There were no significant changes in assumptions for 2015 through 2018.

For 2018, the employer contribution rate allocated to pensions increased from 13.00 percent to 14.00 percent.

For 2019, the investment rate of return decreased from 7.5 percent to 7.2 percent.

There were no significant changes in assumptions for 2020 or 2021.

Net OPEB Liability

Changes in benefit terms:

There were no significant changes in benefit terms for 2018-2021.

Changes in assumptions

Changes in assumptions for 2018 were as follows:

- The single discount rate decreased from 4.23 percent to 3.85 percent.
- The employer contribution rate allocated to health care decreased from 1.00 percent to 0.00 percent.

For 2019, the following were the most significant changes of assumptions that affected the total OPEB liability since the prior measurement date:

- The single discount rate increased from 3.85 percent to 3.96 percent.
- The investment rate of return decreased from 6.5 percent to 6 percent.
- The municipal bond rate increased from 3.31 percent to 3.71 percent.
- The initial health care cost trend rate increased from 7.5 percent to 10 percent.

For 2020, the following were the most significant changes of assumptions that affected the total OPEB liability since the prior measurement date:

- The single discount rate decreased from 3.96 percent to 3.16 percent.
- The municipal bond rate decreased from 3.71 percent to 2.75 percent.

***Net OPEB Liability* (Continued)**

Changes in assumptions (Continued)

For 2021, the following were the most significant changes of assumptions that affected the total OPEB liability since the prior measurement date:

- The single discount rate increased from 3.16 percent to 6.00 percent.
- The municipal bond rate decreased from 2.75 percent to 2.00 percent.
- The initial health care cost trend rate decreased from 10.50 percent to 8.50 percent.

ALLEN WATER DISTRICT
ALLEN COUNTY

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED DECEMBER 31, 2021

FEDERAL GRANTOR ***Pass Through Grantor*** **Program / Cluster Title**	**Federal AL Number**	**Total Federal Expenditures**
U.S. DEPARTMENT OF AGRICULTURE		
(Direct)		
Water and Waste Disposal Systems for Rural Communities	10.760	$925,043
Total U.S. Department of Agriculture		**925,043**
Total Expenditures of Federal Awards		**$925,043**

The accompanying notes are an integral part of this schedule.

NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
2 CFR 200.510(b)(6)
FOR THE YEAR ENDED DECEMBER 31, 2021

NOTE A – BASIS OF PRESENTATION

The accompanying Schedule of Expenditures of Federal Awards (the Schedule) includes the federal award activity of the Allen Water District (the District's) under programs of the federal government for the year ended December 31, 2021. The information on this Schedule is prepared in accordance with the requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of the District, it is not intended to and does not present the financial position, changes in net position, or cash flows of the District.

NOTE B – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Expenditures reported on the Schedule are reported on the cash basis of accounting. Such expenditures are recognized following the cost principles contained in Uniform Guidance wherein certain types of expenditures may or may not be allowable or may be limited as to reimbursement.

NOTE C – INDIRECT COST RATE

The District has elected not to use the 10-percent de minimis indirect cost rate as allowed under the Uniform Guidance.

NOTE D - MATCHING REQUIREMENTS

Certain Federal programs require the District to contribute non-Federal funds (matching funds) to support the Federally-funded programs. The District has met its matching requirements. The Schedule does not include the expenditure of non-Federal matching funds.

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INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS REQUIRED BY *GOVERNMENT AUDITING STANDARDS*

Allen Water District
Allen County
3230 North Cole Street
Lima, Ohio 45801

To the Members of the Board of Trustees:

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the Allen Water District, Allen County, (the District) as of and for the year ended December 31, 2021, and the related notes to the financial statements, which collectively comprise the District's basic financial statements and have issued our report thereon dated December 7, 2022, wherein we noted the financial impact of COVID-19 and the continuing emergency measures may impact subsequent periods of the District.

Report on Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the District's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purposes of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control. Accordingly, we do not express an opinion on the effectiveness of the District's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the District's financial statements will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses or significant deficiencies may exist that were not identified.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the District's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of This Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the District's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Keith Faber

Keith Faber
Auditor of State
Columbus, Ohio

December 7, 2022

OHIO AUDITOR OF STATE
KEITH FABER

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INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE WITH REQUIREMENTS APPLICABLE TO THE MAJOR FEDERAL PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE

Allen Water District
Allen County
3230 North Cole Street
Lima, Ohio 45801

To the Members of the Board of Trustees:

Report on Compliance for the Major Federal Program

Opinion on the Major Federal Program

We have audited Allen Water District's (the District) compliance with the types of compliance requirements identified as subject to audit in the U.S. Office of Management and Budget (OMB) *Compliance Supplement* that could have a direct and material effect on the Allen Water District's major federal program for the year ended December 31, 2021. Allen Water District's major federal program is identified in the *Summary of Auditor's Results* section of the accompanying schedule of findings.

In our opinion, Allen Water District complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on its major federal program for the year ended December 31, 2021.

Basis for Opinion on the Major Federal Program

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America (GAAS); the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States (*Government Auditing Standards*); and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Our responsibilities under those standards and the Uniform Guidance are further described in the *Auditor's Responsibilities for the Audit of Compliance* section of our report.

We are required to be independent of the District and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on compliance for the major federal program. Our audit does not provide a legal determination of the District's compliance with the compliance requirements referred to above.

Responsibilities of Management for Compliance

The District's Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules, and provisions of contracts or grant agreements applicable to the District's federal programs.

Auditor's Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on the District's compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS, *Government Auditing Standards*, and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about the District's compliance with the requirements of the major federal program as a whole.

In performing an audit in accordance with GAAS, *Government Auditing Standards*, and the Uniform Guidance, we:

- exercise professional judgment and maintain professional skepticism throughout the audit.
- identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the District's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- obtain an understanding of the District's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

Report on Internal Control Over Compliance

A *deficiency in internal control over compliance* exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. A *material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the *Auditor's Responsibilities for the Audit of Compliance* section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of this testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

Keith Faber

Keith Faber
Auditor of State
Columbus, Ohio

December 7, 2022

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ALLEN WATER DISTRICT
ALLEN COUNTY

SCHEDULE OF FINDINGS
2 CFR § 200.515
DECEMBER 31, 2021

1. SUMMARY OF AUDITOR'S RESULTS

(d)(1)(i)	**Type of Financial Statement Opinion**	Unmodified
(d)(1)(ii)	**Were there any material weaknesses in internal control reported at the financial statement level (GAGAS)?**	No
(d)(1)(ii)	**Were there any significant deficiencies in internal control reported at the financial statement level (GAGAS)?**	No
(d)(1)(iii)	**Was there any reported material noncompliance at the financial statement level (GAGAS)?**	No
(d)(1)(iv)	**Were there any material weaknesses in internal control reported for major federal programs?**	No
(d)(1)(iv)	**Were there any significant deficiencies in internal control reported for major federal programs?**	No
(d)(1)(v)	**Type of Major Programs' Compliance Opinion**	Unmodified
(d)(1)(vi)	**Are there any reportable findings under 2 CFR § 200.516(a)?**	No
(d)(1)(vii)	**Major Programs (list):**	Water and Waste Disposal Systems for Rural Communities (AL #10.760)
(d)(1)(viii)	**Dollar Threshold: Type A\B Programs**	Type A: > $ 750,000 Type B: all others
(d)(1)(ix)	**Low Risk Auditee under 2 CFR § 200.520?**	No

2. FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS

None

3. FINDINGS AND QUESTIONED COSTS FOR FEDERAL AWARDS

None

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OHIO AUDITOR OF STATE
KEITH FABER

ALLEN WATER DISTRICT

ALLEN COUNTY

AUDITOR OF STATE OF OHIO CERTIFICATION

This is a true and correct copy of the report, which is required to be filed pursuant to Section 117.26, Revised Code, and which is filed in the Office of the Ohio Auditor of State in Columbus, Ohio.

Certified for Release 1/3/2023

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